

“(E) Such recommendations as the Secretary of Defense considers appropriate for legislative or administrative action in order to improve the efficiency and effectiveness of actions taken pursuant to agreements under this section.”.

SEC. 2823. MODIFICATION OF UTILITY SYSTEM CONVEYANCE AUTHORITY AND RELATED REPORTING REQUIREMENTS.

(a) NOTICE AND WAIT REQUIREMENT.—Subsection (a) of section 2688 of title 10, United States Code, is amended—

(1) by inserting “(1)” after “CONVEYANCE AUTHORITY.—”; and

(2) by adding at the end the following new paragraph:

“(2) The Secretary concerned may not enter into a contract to convey a utility system, or part of a utility system, under this subsection until—

“(A) the Secretary submits to the congressional defense committees an economic analysis, based upon accepted life-cycle costing procedures approved by the Secretary of Defense, that demonstrates that—

“(i) the long-term economic benefit to the United States of the conveyance of the utility system, or part thereof, exceeds the long-term eco-

conomic cost to the United States of the conveyance;

“(ii) the conveyance of the utility system, or part thereof, will reduce the long-term cost to the United States of utility services provided by the utility system; and

“(iii) the economic benefit analysis under clause (i) and the cost reduction analysis under clause (ii) incorporate margins of error in the estimates, based upon guidance approved by the Secretary of Defense that minimize any underestimation of the costs resulting from privatization of the utility system, or part thereof, or any overestimation of the costs resulting from continued Government ownership and management of the utility system, or part thereof; and

“(B) the end of the 21-day period beginning on the date on which the economic analysis prepared under subparagraph (A) with respect to the conveyance of the utility system, or part thereof, is received by the congressional defense committees or, if over earlier, the end of the 14-day period beginning on the date on which a copy of the economic analysis is provided in an electronic medium pursuant to section 480 of this title.”.

(b) *CONSIDERATION.*—Subsection (c)(1) of such section is amended by striking “shall” and inserting “may”.

(c) *DURATION OF UTILITY SERVICES CONTRACTS IN CONNECTION WITH CONVEYANCES.*—Such section is further amended—

(1) by redesignating subsections (d) through (i) as subsections (e) through (j), respectively; and

(2) by redesignating paragraph (3) of subsection (c) as subsection (d) and, in such subsection (as so redesignated)—

(A) by striking “A contract” and inserting “*CONTRACTS FOR UTILITY SERVICES.*—(1) Except as provided in paragraph (2), a contract”;

(B) by striking “paragraph (1)” and inserting “subsection (c)”;

(C) by striking “50 years.” and inserting “10 years.”; and

(D) by adding at the end the following new paragraph:

“(2) The Secretary of Defense, or the designee of the Secretary, may authorize a contract for utility services described in paragraph (1) to have a term in excess of 10 years, but not to exceed 50 years, if the Secretary determines that a contract for a longer term will be cost effective. The economic analysis submitted to the congressional

defense committees under subsection (a)(2) for the conveyance of the utility system, or part thereof, with regard to which the utility services contract will be entered into by the Secretary concerned shall include the determination required by this paragraph, an explanation of the need for the longer term contract, and a comparison of costs between a 10-year contract and the longer-term contract.”.

(d) CONFORMING AMENDMENTS.—Such section is further amended—

(1) in subsection (f), as redesignated by subsection (c)(1), by striking the second sentence; and

(2) in subsection (h), as redesignated by subsection (c)(1), by striking “subsection (e)” and inserting “subsection (a)(2)”.

(e) TEMPORARY LIMITATION ON USE OF CONVEYANCE AUTHORITY.—During each of fiscal years 2006 and 2007, the number of utility systems, or parts of utility systems, for which conveyance contracts may be entered into under section 2688 of title 10, United States Code, shall not exceed 25 percent of the total number of utility systems that, as of the date of the enactment of this Act, have been determined to be eligible for conveyance under such section, but have not yet been conveyed.

(f) REPORT ON USE OF CONVEYANCE AUTHORITY.—Not later than April 1, 2006, the Secretary of Defense shall

submit to the congressional defense committees a report describing the use of section 2688 of title 10, United States Code, to convey utility systems, or parts of utility systems. The report shall contain the following:

(1) A discussion of the methodology by which a military department conducts the economic analyses of proposed utility system conveyances under section 2688 of title 10, United States Code, including the economic analyses referred to in subsection (a)(2) of such section, and any guidance issued by the Department of Defense related to conducting such economic analyses.

(2) A list of the steps taken to ensure the reliability of completed economic analyses, including post-conveyance reviews of actual costs and savings to the United States versus the costs and savings anticipated in the economic analyses.

(3) A review of the costs and savings to the United States resulting from each utility system conveyance carried out under such section.

(4) A discussion of the feasibility of obtaining consideration equal to the fair market value of a conveyed utility system, as authorized by subsection (c) of such section, and any guidance issued by the Department of Defense related to implementing that re-

quirement, and the effect of that requirement and guidance on the costs and savings to the United States resulting from procuring by contract the utility services provided by the utility system.

(5) A discussion of the effects that permanent conveyance of ownership in a utility system may have on the ability of the Secretary of a military department to renegotiate contracts for utility services provided by the utility system or to procure such services from another source.

(6) A comparison of the value of contracts to permanently convey ownership in a utility system versus contracts that include reversion of the utility system to Government ownership at the end of a specified contractual period, with regards to contract terms, short- and long-term costs to the Government, system condition at the end of a contract, liability and costs associated with termination before the end of a contract, and available courses of action to address problems and other issues raised during and after the contractual period.

(7) A discussion of the efforts and direction within the Department of Defense to oversee the implementation and use of the utility system conveyance authority under this section and to ensure the ade-

quacy of utilities services for a military installation after conveyance of a utility system.

(8) A discussion of the effect of utility system conveyances on the operating budgets of military installations at which the conveyances were made.

(g) TEMPORARY SUSPENSION OF CONVEYANCE AUTHORITY.—If the report required by subsection (f) is not submitted to the congressional defense committees by the date specified in such subsection, the Secretary of a military department may not convey a utility system, including any part of a utility system, under subsection (a) of section 2688 of title 10, United States Code, or make a contribution under subsection (h) of such section toward the cost of construction, repair, or replacement of a utility system by another entity until the end of the 30-day period beginning on the date on which the report is finally submitted.

(h) COMPTROLLER GENERAL REVIEW.—Not later than August 1, 2006, the Comptroller General shall submit to the congressional defense committees a report evaluating the changes made by the Department of Defense since May 2005 to the utility systems conveyance program authorized by section 2688 of title 10, United States Code, and the effects of those changes and containing such recommenda-

tions for additional changes as the Comptroller General considers necessary.

SEC. 2824. REPORT ON APPLICATION OF FORCE PROTECTION AND ANTI-TERRORISM STANDARDS TO LEASED FACILITIES.

(a) REPORT REQUIRED.—Not later than September 30, 2006, the Secretary of Defense shall submit to the congressional defense committees a report on the application of Department of Defense Anti-Terrorism/Force Protection standards to all facilities leased by the Department of Defense or leased by the General Services Administration as an agent for the Department of Defense as of September 30, 2005.

(b) INFORMATION ON LEASED FACILITIES.—For the facilities identified in the report submitted under subsection (a), the Secretary of Defense shall include the following:

(1) A description of the function of each leased facility, including the location, size, terms of lease, and number of personnel housed within the facility.

(2) A description of the threat assessment and the joint security integrated vulnerability assessment for each leased facility.